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EXCESS PROFITS TAX REVISION

Congress Acting Speedily to Afford Relief Denied in Law Passed Last Year

A more equitable application of the excess profits tax to canners—in a fashion similar to that urged by the Association when the original bill was under consideration last year—seemed certain this week when Congress acted with unprecedented speed on a bill, H. R. 3531, amending the excess-profits tax law to afford additional relief to taxpayers in hardship cases.

The bill was introduced on Monday, February 24, by Chairman Doughton of the House Ways and Means Committee, which has been studying proposed amendments for several weeks, was reported by the Committee on the same day, and was passed by the House on Tuesday, February 25. The bill then went to the Senate Finance Committee, which reported it favorably without substantial change on Thursday, February 27, and its enactment by the Senate is expected as soon as the current debate on the lend-lease bill can be interrupted to permit its consideration.

The bill is unique in being a tax bill whose sole purpose is to afford relief to the taxpayer. All of the several amendments which the bill proposes to the excess-profits tax law are designed to help taxpayers who have abnormally large income in a single year, whose earnings fluctuate sharply from year to year, or who for other reasons would suffer hardship under the law. In reality, the bill is a culmination of the arguments presented to Congress by the Association and others last year urging special provisions to care for these hardship cases. While the Conference Committee considering the original law could reach no agreement on adequate relief provisions, it recognized the need for them and directed the Treasury Department and the Joint Committee on Internal Revenue Taxation to make a further study of the problem. The recommendations made by these agencies as a result of their further studies form the basis of the present bill.

The most outstanding feature of the bill, from the viewpoint of the canning industry, is a provision that allows taxpayers to carry over and make up deficiencies in earnings for as much as two prior years (after December 31, 1939) before the earnings for a particular taxable year are deemed excessive and subject to the excess-profits tax. This provision may be traced directly to the testimony presented by the Association at the Senate Finance Committee hearings last year and to the amendment, subsequently deleted by the Conference Committee, which the Senate Committee inserted in the bill as a result of this testimony (see INFORMATION LETTERS of September 7, 1940, p. 6309; September 14, 1940, p. 6325; and October 5, 1940, p. 6343).

The Association called attention to the extreme fluctuations in earnings which are common in the canning industry, and suggested that the then pending excess-profits tax bill

should be amended to permit canners to recoup the losses of bad years before their earnings in good years are subjected to excess-profits taxation.

The Senate Committee's amendment partially accepted this suggestion, and allowed deficiencies for two prior years of low earnings to be made up by processors of seasonal fruits, vegetables and seafoods before the excess-profits tax applied, but this amendment applied only to deficiencies in earnings occurring in years which began after December 31, 1939. When the Conference Committee eliminated this amendment, it substituted a provision, applicable to all taxpayers (not merely seasonal packers) permitting deficiencies in earnings for one prior year only to be carried forward and used as a credit in computing excess profits, but the practical value of this provision is small since it is limited to corporations whose net income does not exceed \$25,000.

The new bill eliminates this one year carryover for corporations with incomes of less than \$25,000, and proposes a

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Chicago Selected for 1942 Convention

Chicago has been selected as the location for the next annual convention of the National Canners Association, the Canning Machinery and Supplies Association, and the National Food Brokers Association. The convention will be held the week of January 25, 1942.

Selection of Chicago followed a careful canvass of the situation, and the deciding factor was the conclusion that, with its central location, Chicago would attract a larger attendance than other cities under consideration.

The committee felt that, in view of developments that may arise from the present emergency, it was highly important to select such a location as would encourage the largest possible attendance from all parts of the country, and the committee's judgment, confirmed by opinions expressed by many members of the three Associations, was that Chicago, with its convention facilities and location, would best meet the requirements.

Information Letter Index Published

With this issue of the INFORMATION LETTER is included index of the LETTERS published during 1940. With an increasing number of government administrative and legislative actions directly affecting canners, the analyses of these regulations and laws published in the LETTER become of permanent reference value. Association members who maintain complete files of the publication are enabled to refer to the LETTERS for information they need quickly.

HOUSE PASSES FOURTH DEFENSE BILL

Senate Committee on Agriculture Opens Hearings on Farm Act Amendments

The House, during the past week, considered and sent to the Senate a tax bill proposing certain relief amendments to the excess profits tax law enacted last fall, a bill authorizing the Navy to construct a number of public works projects, and a fourth national defense bill appropriating \$1,376,000,000 for the War and Navy Departments. Meanwhile, the Senate completed its second week of debate on the lend-lease bill. An analysis of the tax bill as it passed the House appears elsewhere in this issue of the LETTER.

The Senate Committee on Agriculture opened public hearings on a proposal introduced by Senator Bankhead to relieve producers of basic agricultural commodities (corn, cotton, wheat, tobacco, and rice) from the adverse effects of curtailment of the export market brought on by war conditions. The bill would amend the Agricultural Adjustment Act of 1938 by making loans available to cooperators at the rate of 100 per cent of parity while marketing quotas are in effect and by making loans available to non-cooperators at a rate of 60 per cent of parity on that portion of the commodity owned by him, subject to penalty if marketed. During marketing years in which marketing quotas are not in effect, loans would be made available ranging from 85 per cent to 62 per cent of parity, depending on estimates of the excess of production over current demand.

Another bill proposing major changes in the present farm program has been introduced by Chairman Fulmer of the House Committee on Agriculture. The bill would provide, in conjunction with a marketing certificate plan, for producer's loans to cooperators at a rate of 66⅔ per cent of parity and for loans at a rate of 60 per cent of parity to non-cooperators on that portion of the commodity that would be subject to penalty if marketed. The marketing certificate plan would operate somewhat in the manner of the old processing tax and would apply to wheat, cotton, peanuts, rice, and tobacco.

The House Agriculture Committee has reported favorably a bill to make peanuts a basic commodity under the Agricultural Adjustment Act and to provide for a marketing system for that commodity. The Committee has also reported favorably a resolution providing for an investigation of the pulpwood industry and a bill to provide for the use of standard methods of grading cottonseed and for the collection of information on prices and grades of cottonseed and cottonseed products.

Hearings will be held by the Committee on March 11 on a bill introduced by Representative Cooley of North Carolina to provide for the development of marketing and marketing services for farm commodities. The bill would authorize appropriations up to \$5,000,000 a year for apportionment among the State departments of agriculture.

Hearings were held before the House Committee on Merchant Marine and Fisheries on the Dirksen bill (H. R. 2662). The bill would establish hiring halls for the merchant marine under the supervision of shipping commissioners, would control subversive activities among seamen, and would impose additional citizenship requirements for the manning of vessels of the United States.

Hearing on Puerto Rican Wage Rates on March 12

A minimum rate of 16 cents an hour was recommended by the Puerto Rican Industry Committee for the vegetable, fruit, and fruit juice canning industry. A public hearing on minimum wage recommendations for the canning industry in Puerto Rico, as well as 11 other island industries, will be held March 12 in Washington, D. C. Any interested person may appear by filing with the office of the Administrator of the Wage and Hour Division before March 5 a notice of intention to appear.

A minimum rate of 15 cents an hour was recommended for the vegetable packing industry; a rate of 25 cents an hour for the manufactured coconut industry; a minimum of 27½ cents an hour for the ocean pearl button industry; a minimum of 12½ cents an hour for hand-sewing operations, and 20 cents an hour for other operations in the raffia hand-bag industry; and a minimum of 25 cents an hour to all workers employed in the seven remaining industries: hosiery; hair net; cigar; cigarette; mattress, quilt, and pillow; bay oil, bay rum, and aromatic alcohol; and the straw hat industry.

Douglas MacKeachie Appointed Deputy Director

Appointment of Douglas C. MacKeachie as Deputy Director of the Division of Purchases was announced this week by Donald M. Nelson, Director of the Division.

Mr. MacKeachie, who has been serving as Assistant Director and Chief of the Subsistence Section of the Division, has been advising the Quartermaster General's office on the procurement of foodstuffs and has been devising plans for the greatly expanded buying program which the increase in Army strength makes necessary. Before coming to the Division of Purchases he was New England purchasing director for the Great Atlantic and Pacific Tea Co.

He succeeds Deputy Director Albert J. Browning, who is returning to his position as President of United Wall Paper Factories of Chicago. Mr. Browning will remain a member of the Advisory Committee to the Director of Purchases, with Frank Folsom, another former member of Mr. Nelson's staff who returned to private business several weeks ago.

State Food Bills Before Two Legislatures

A bill to establish a consumer's bureau and to provide for grading and grade labeling of all food products has been introduced in the New York State Assembly and a proposed food, drug, and cosmetic law has been introduced in the Oklahoma legislature. The New York consumer's bill, in addition to providing for grade labeling, would require the registration of all food products at an initial fee of \$25 and would require that the name of both the manufacturer and distributor appear on the product.

The Oklahoma bill contains some inadequate provisions and other provisions that are not in conformance with the Federal Act. Generally, however, the bill follows the form and text of the Federal Act in its prohibitions against misbranding and adulteration and in its provisions for the issuance of rules, regulations, and standards.

AGRICULTURAL MARKETING POLICY**Summary of Views Submitted to T. N. E. C. by Economists of Department of Agriculture**

In the conclusion of a statement on agricultural marketing policy submitted on February 21 to the Temporary National Economic Committee by F. V. Waugh, A. C. Hoffman, and Albert Meyers of the U. S. Department of Agriculture, the following summary was presented as representing the views of these economists:

In our view, the role of government is likely to be increasingly more important in helping to shape the nature of our economy. This makes it all the more necessary that government policies be carefully considered; that the interests of all groups be taken into account; and that when the government moves toward intervention in any form, it be done in accordance with the spirit and tradition of democracy.

If there is one point we would stress above all others, it is that there can be no satisfactory solution of the farm problem unless and until we can do away with industrial unemployment and have a fully functioning economic system.

In the specific field of agricultural marketing, we have the following suggestions to make with respect to the broad outlines of public policy. In making them, we are speaking as individuals and not necessarily for the Department of Agriculture.

1. Everything possible should be done to encourage lower charges for getting products from the farm to the consumer. Barriers to this objective, whether they result from inefficiency, private monopoly, or Government legislation, should be removed; and, where necessary, positive legislation should be enacted to promote efficient practices.

2. By and large, all of us would prefer to achieve reduced marketing charges through the preservation of competition and small-scale enterprise. But we do not believe we can always achieve it in this way. Large-scale organization in transportation, in food processing, and in distribution has some advantages in the direction of low-cost efficiency which we may not want to give up.

3. We are not insensible to the danger of uncontrolled private monopoly. Concentration of economic power has not gone as far in the food industries as it has in many other lines, but it begins to be a problem none the less. If and when some kind or degree of governmental intervention is necessary in the public interest, we believe that in some cases at least, it should be in the direction of regulation and supervision, rather than the dissolution of large-scale marketing organizations.

4. If the Congress should deem it necessary to go in this direction, it would seem that some new types of legislation are needed. At the present time, recourse against monopoly can be had only under the Sherman Act and related legislation. This provides only for dissolution or for orders to desist from certain practices deemed harmful to the preservation of competition. What may really be needed is a method of control for an inherently monopolistic or semi-monopolistic situation.

Present public utility legislation, such as that used for electric power, would probably not be well adapted to use in industries like food processing and distribution where there are thousands of individual units rather than a few large firms. Doubtless it would be impractical to try to regulate all the firms in an entire marketing field like retailing or flour milling merely to regulate in some degree the practices of a few large firms deemed to be monopolistic.

Rather what would be needed is an instrument to control the large firms fairly so that they might continue to operate

alongside the small ones. It is possible that some corporate concerns might even welcome such semipublic utility status in preference to the constant threat of dissolution, punitive taxation, and restrictions imposed by present laws. Conceivably they might become the yardstick which would insure the prevalence of efficiency and proper pricing in their respective industries comparable to some of the big cooperatives and public enterprises in England and the Scandinavian countries.

We are not lawyers, and have no very clear idea of how such a plan might be given legal implementation. A first step might be to provide enabling legislation under which a firm, if it chose to do so, could ask for and be given some such status. Some few firms might find such a proposal acceptable, and this would provide opportunity for experiment. If it were ever deemed necessary to take compulsory steps in this direction, it might conceivably be done in connection with the Federal incorporation of firms engaged in interstate commerce.

5. In an earlier part of this statement, we have made the point that one of the reasons for inefficiency and high marketing costs was the needless duplication of marketing service and facilities at nearly all points in the marketing system. To avoid this would mean moving some of the labor and capital out of the marketing field into other parts of the economic system. Conceivably this might be done by a system of licensing, involving certificates of public necessity, so as to limit the facilities to those deemed essential to the providing of adequate processing and distribution facilities. The use of licensing power for this purpose could easily be abused, and if the number of firms were limited in this way there is the possible danger that competition might be less keen. Moreover, there will be no great gain from a social standpoint in trying to reduce marketing costs by a transfer of excess labor and capital to other fields unless they can find employment there.

6. We have called the committee's attention to certain activities of the Department of Agriculture which we believe will lead in the direction of an improved marketing system—its programs for the removal of farm surpluses to low-income families, the encouragement of farmers' cooperatives, its marketing agreements program, and its efforts to improve the terminal wholesale facilities for farm products. These programs indicate that our government, through its own initiative, can do much that is helpful in ways which receive general public approval.

Raw Products Director Attends Cannery Schools

Although the annual conference for canners and growers at Ohio State University February 11 was this year limited to one day, many of those present stated that the program was one of the best of its kind ever presented at Columbus. Special attention was given to fundamentals of soil fertility maintenance and to results of spraying and dusting experiments carried on in Ohio in 1940 for control of tomato defoliation diseases.

The Association's Raw Products Bureau was represented at the New York school for canners and fieldmen held at the Experiment Station at Geneva February 27-28, and will be represented at the Wisconsin school to be held at the University at Madison March 19-21.

Another important meeting recently attended by the director of the Raw Products Bureau was that of the Association of Southern Agricultural Workers and the Southern Section of the American Society for Horticultural Science, at Atlanta,

Georgia, February 5-7. At these meetings special sessions were devoted to consideration of research on tomatoes, improvement of peach varieties and production methods, and to maintenance of soil fertility for growing canning crops and other products.

Prior to the national convention in January, the Raw Products Bureau also participated in canners' schools at Maryland University and at Michigan State College.

Statement on Tin Supply by M. J. Sullivan

In a recent news report, President M. J. Sullivan of the American Can Company is quoted as saying with reference to the tin supply:

"The packer can manufacturing industry does not anticipate any immediate shortage of raw materials for its operations. Present stocks and current reserve holdings insure an adequate supply of containers for American canners for 1941 packs, even in the event that production of some types of tinned foods should run substantially ahead of last year's pack figures. Insofar as American Can Co. is concerned, well over a year's supply of raw materials is currently on hand."

Veterans Bureau Asks Bids on Canned Foods

The Veterans Administration has issued a request for bids on 700 cases (6 No. 10 cans) of canned carrots, and 250 cases (24 No. 2½ cans) of canned sweet potatoes. Bids are to be opened March 12 and delivery is to be made to the Veterans Administration Supply Depot at Perryville, Md. Copies of the invitation to bid may be secured from the Veterans Administration, Arlington Building, Washington, D. C. Bids also have been requested, to be opened March 13, on 850 cases (6 No. 10 cans) of canned seedless grapes. Deliveries are to be made to Perryville.

EXCESS PROFITS TAX REVISION

(Continued from page 6455)

two-year carryover provision identical with that contained in the Senate amendment of last year, except that it applies to all taxpayers, not merely seasonal packers. Under it a taxpayer who has several years of low earnings or losses (after December 31, 1939) and then has a year of good earnings, is allowed, in computing its excess profits for the year of good earnings, an additional credit (varying from zero to 16 per cent of invested capital) designed to permit the taxpayer to make up the deficiencies in earnings for the two prior years before the excess-profits tax applies. The amendment is designed primarily for use with the invested capital method. In application, the taxpayer is allowed to earn during any particular taxable year, his normal 8 per cent return on invested capital, his specific exemption of \$5,000, and an additional amount necessary to make up (within prescribed limits) deficiencies in earnings for the two preceding years before any of the current earnings are deemed excessive.

The amendment permits deficiencies in earnings for only two past years to be carried forward in this fashion. Moreover, it applies only to years beginning after December 31, 1939. In other words, deficiencies for years prior to that

date may not be carried forward. Finally, the computations necessary to determine the precise size of the additional credit are extremely complicated. For it is not in every case that two full years can be considered, and the size of the deficiency for any one year that may be carried forward is also subject to limitations.

Where the first year immediately preceding the taxable year was a deficiency year (in other words, was a year in which earnings were less than the normal 8 per cent return on invested capital), the excess of the normal 8 per cent return over actual earnings can always be carried forward and used as a part of the additional credit for the taxable year. Whether or not any deficiency for the year two years prior to the taxable year can be so carried forward depends upon a variety of circumstances. It can always be carried forward if the first preceding year has been a deficiency year. If the first preceding year is not a deficiency year, the deficiency for the second preceding year can be carried forward only if the deficiency has not been made up by the earnings for the first preceding year. In determining whether or not the deficiency has been made up, the taxpayer is allowed to first make up any deficiency that may exist for the third preceding taxable year. Thus, the taxpayer may earn during the first preceding taxable year his normal earnings of 8 per cent, and also sufficient earnings to make up his deficiency in earnings during the first preceding taxable year. If he has earned no more than this, the deficiency for the second preceding taxable year may be carried forward and used as a credit in the current year. If he has earned more, it may not be carried forward. Under no circumstances may any deficiency for the third preceding year be carried forward and directly used as a credit.

The method by which this amendment operates can best be illustrated by taking a few simple examples. If we assume that a corporation has invested capital of \$100,000 it is permitted a normal return of 8 per cent or \$8,000 each year, and this figure is used as a credit in computing its excess profits subject to tax. The following example giving five separate corporations which have invested capital of \$100,000 will illustrate the different problems involved:

Taxable Year	Corp. I	Corp. II	Corp. III	Corp. IV	Corp. V
1940.....	Loss	Loss	Loss	8,000	Loss
1941.....	Loss	Loss	Loss	Loss	8,000
1942.....	Loss	8,000	16,000	16,000	8,000
1943.....	24,000	24,000	24,000	24,000	24,000
Additional credit					
allowed.....	16,000	8,000	8,000	None	None
Normal credit.....	8,000	8,000	8,000	8,000	8,000
Total credit.....	24,000	16,000	16,000	8,000	8,000

Corporation No. I is allowed an additional credit of 16 per cent, since both of its two preceding years (1941 and 1942) were loss years. Corporation No. II has no additional credit for the first preceding year (1942), since it earned its normal return in that year. It is allowed a credit of \$8,000 for the second preceding year (1941), however, since the deficiency for that year was not made up during 1942. Corporation No. III earned twice its normal rate of return during its first preceding year (1942), but it is still allowed the \$8,000 credit for 1941, since the \$16,000 earnings during 1942 were no more than were necessary to make up the deficiency for 1940 (the third preceding year). Corporation IV is allowed no carryover or additional credit. For while it had a loss in 1941 this loss was made up in 1942, there

being no deficiency for 1940 (the third preceding year) to be made up. Corporation V has no additional credit since it had normal earnings in both the first and second preceding years.

It should be emphasized that this amendment does not apply to any taxable year that began prior to December 31, 1939. In other words, only deficiencies in earnings for years beginning after that date can be carried forward and used as a credit in later years.

The other amendments proposed by the bill are designed primarily for the relief of taxpayers who, because of unusual or abnormal items of income or deductions, or because of changes in the character of the business, etc., are subjected to hardship by the excess-profits tax. For example, the original Act provided that in certain cases where the taxpayer had abnormal income for the taxable year because of a judgment that he had obtained, because of a contract the performance of which required more than twelve months, etc., this abnormal income could under certain limitations be apportioned over several years so as to reduce the amount of income attributable to the taxable year. This provision is expanded by the bill to cover additional types of abnormal income. Similarly, changes are made in computing average earnings for the base period (it will be recalled that taxpayers may compute excess profits either under the "average earnings" or the "invested capital" method) designed to help corporations that had abnormal deductions during the base period, or which, because of expansion or change of business, or because of some interruption to the business during the base period, do not get a fair result under the average earnings methods when they merely use a straight four-year average.

When the bill was reported by the Senate Finance Committee on Thursday, February 27, the only change made was to add an amendment providing that a taxpayer may file his return on both the average earnings and the invested capital methods, and elect which to use at a later date. Under the present law this election must be made at the time the return is filed, and it cannot be made at a later date. Since the desirability of using one method rather than the other may depend upon the extent to which the taxpayer can, by application to the Commissioner, get relief under some of the amendments to the bill, it is desirable that he be given the right to defer making the election until after the Commission has acted upon such application.

All of the amendments are made retroactive to January 1, 1940. That is, they apply to all taxable years to which the excess-profits tax is applicable.

The text of the "carryover" amendment is as follows:

SEC. 2. UNUSED EXCESS PROFITS CREDIT.

(a) Section 710(b) (3) of the Internal Revenue Code is amended to read as follows:

"(3) UNUSED EXCESS PROFITS CREDIT.—The amount of the excess profits credit carry-over for the taxable year, computed in accordance with subsection (c)."

(b) COMPUTATION OF EXCESS PROFITS CREDIT CARRY-OVER.—Section 710 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(c) EXCESS PROFITS CREDIT CARRY-OVER.—

"(1) DEFINITION OF UNUSED EXCESS PROFITS

CREDIT.—The term 'unused excess profits credit' means the excess, if any, of the excess profits credit for any taxable year beginning after December 31, 1939, over the excess profits net income for such taxable year, computed on the basis of the excess profits credit applicable to such taxable year.

"(2) COMPUTATION OF EXCESS PROFITS CREDIT CARRY-OVER.—The excess profits credit carry-over for any taxable year shall be the sum of the following:

"(A) The unused excess profits credit for the first preceding taxable year; and

"(B) The unused excess profits credit for the second preceding taxable year reduced by the amount, if any, by which the excess profits net income for the first preceding taxable year exceeds the sum of—

"(i) the excess profits credit for such first preceding taxable year, plus

"(ii) the unused excess profits credit for the third preceding taxable year."

DECEMBER SUGAR IMPORTS

Decrease 14.6 Per Cent Below Amount Released for Consumption During November

Continuing a decline in the quantity of sugar imported for consumption that has been in effect since July, the amount of sugar imports during December were 14.6 per cent below the amount released for consumption, including quantities released from bonded warehouses, during November, according to Department of Commerce figures.

Total receipts released during December amounted to 525,045,588 pounds, as compared with 614,833,050 pounds during November, 672,566,467 pounds during October, 682,521,823 pounds during September, and 820,761,281 pounds during August. During July, imports amounted to 821,515,299 pounds, more than were released during June, but considerably less than the amount released during May—999,814,552 pounds.

In the table below, compiled from the reports of the Department of Commerce, are shown imports into the United States during December of raw and refined sugar, both dutiable and free:

Origin	Raw		Refined	
	Dutiable Pounds	Free Pounds	Dutiable Pounds	Free Pounds
Foreign countries:				
Cuba.....	119,598,885		534,000	4,900
Canada.....			52	
Dominican Republic.....	20,731,200			
Haiti.....			366,000	40,300
Peru.....	10,255,795			
Netherlands Indies.....		1,400		6,402
Philippine Islands.....		102,940,080	1,072,800	
China.....	3,400			
Hong Kong.....	5,810			
Total.....	150,595,090	102,941,480	1,973,452	51,602
U. S. Territories:				
Hawaii.....		122,657,754		1,000,000
Puerto Rico.....		142,226,210		3,000,000
Total receipts.....	150,595,090	367,825,444	1,973,452	4,651,602

The following table, also based on Department of Commerce figures, shows the imports of sugar by ports of entry. These figures include imports for direct consumption and withdrawals from bonded warehouses within the United States:

Port of Entry	Raw		Refined	
	Dutiable Pounds	Free Pounds	Dutiable Pounds	Free Pounds
Massachusetts.....	8,239,776	7,057,109		
Vermont.....			82	
Rhode Island.....	800			
New York.....	89,404,536	33,404,547	386,000	40,300
Philadelphia.....	8,646,842	16,895,185		
Maryland.....	6,016,000	34,373,539	634,600	4,900
New Orleans.....	30,762,478	11,022,984		
Galveston.....	7,516,248			
San Francisco.....	2,800	98,116		6,402
Washington.....			1,072,800	
Chicago.....	350			
Hawaii.....	5,260			
Total.....	150,595,090	102,941,480	1,973,452	51,002

Correction in Tomato Juice Shipments Figure

Shipments of canned tomato juice for the period August 1, 1940, to February 1, 1941, were reported in last week's INFORMATION LETTER on page 6454 as 5,668,358 cases. This figure is in error. The correct total of shipments during the period August 1, 1940, to February 1, 1941, is 6,991,476 actual cases, as compared with 7,111,074 cases shipped during the corresponding months of 1939-40.

Army to Buy South American Canned Beef

A broadened policy of purchasing domestic meat supplies for the armed forces of the United States was announced February 22 by Donald M. Nelson, Director, Division of Purchases, Office of Production Management, following a conference with representatives of the American National Livestock Association. At the same time, Mr. Nelson announced that inasmuch as this policy would require all of the domestic canned meat facilities, it will be necessary to purchase some South American canned beef to provide immediately canned meat requirements for use by the Army forces in the field.

The conference brought about extension of weight ranges and a liberalization of the grades of meat that can be bought for the Army ration.

Agreements reached included the following:

1. The Army will buy spiced pork products, commonly known to the trade as spiced ham, in 12 ounce cans.
2. Heifer meat of proper quality will hereafter be included in all tenders of Army style boneless frozen beef, which will be used in large quantities in maneuvers.
3. Subject to further study and perfection of a grading system, the Army will consider the inclusion of heifers of proper grade in all beef purchases.
4. Federal specifications are being revised in conformance with A.M.S. standards and as production conditions warrant full consideration will be given to the use of other grades whose quality is satisfactory to the Army and which are in surplus.
5. The Army has ordered that lambs up to 60 pounds in weight may be purchased until April 30. This is an increase from the previous limit of 45 pounds.
6. Beef weights have been lowered in Army specifications to 450 pounds. Further lowering of this weight limit to 400 pounds will be given consideration.
7. The Army will buy large quantities of (Reserve) "C" ration, each can of which contains about six ounces of domestic meat.

Fruit and Vegetable Market Competition

Carlot Shipments as Reported to the Agricultural Marketing Service by Common Carriers

Carlot shipments of snap and lima beans, tomatoes, green peas, citrus fruits and miscellaneous fresh fruits were larger during the week ending February 21, 1941, than during the corresponding week of 1940, according to figures compiled by the Agricultural Marketing Service. Shipments of spinach were smaller during the current period, and shipments of miscellaneous fresh vegetables were six carloads smaller during the week ending February 21, 1941, than during the corresponding week of 1940.

The following table, compiled from statistics of the Agricultural Marketing Service, gives detailed comparisons of carlot shipments on certain dates of selected vegetables and fruits:

VEGETABLES	Week ending—			Season total to—	
	Feb. 21, 1940	Feb. 21, 1941	Feb. 15, 1941	Feb. 21, 1940	Feb. 21, 1941
Beans, snap and lima.....	8	31	26	1,649	2,263
Tomatoes.....	208	446	366	2,504	4,040
Green peas.....	138	183	177	925	705
Spinach.....	348	246	371	2,869	2,087
Others:					
Domestic, competing directly.....	1,567	1,561	2,210	20,951	19,621
Imports competing directly.....	37	78	88	185	467
Imports competing indirectly.....	85	72	98	2,136	1,885
FRUITS					
	Feb. 21, 1940	Feb. 21, 1941	Feb. 15, 1941	Feb. 21, 1940	Feb. 21, 1941
Citrus, domestic.....	4,030	4,110	4,661	78,487	79,126
Others, domestic.....	84	183	55	52,816	50,021

Packaging Conference Scheduled for April 1-4

The annual Packaging Conference and Exposition sponsored by the American Management Association, will be held in Chicago April 1 to 4 at the Stevens hotel. Among the topics scheduled for discussion are: The consumer package, packaging and national defense, shipping containers, and machinery and production. The Packaging Exposition will have displays of new materials, designs, uses of colors, new methods of package production, and new ideas for package merchandising.

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